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CENTRAL INTELLIGENCE BULLETIN

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DAILY BRIEF

I. THE COMMUNIST BLOC

OK **USSR-Geneva:** Since returning from his vacation on 26 April, Khrushchev has made a series of statements combining assurances of Soviet reasonableness with claims of Soviet military predominance. In the latest of these pronouncements--a speech in Kiev on 11 May--he asserted that the USSR's international situation is "better than ever before" and went so far as to claim that "perhaps it will not be long" until the USSR begins to "curtail" its missile production. Khrushchev again expressed confidence that a summit meeting will be held regardless of the outcome of the present talks, and hinted that he favors a series of heads-of-government meetings.

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OK **USSR:** Khrushchev's criticism of the USSR Ministry of Agriculture in a speech at Kiev on 12 May indicates that extensive further reorganization of Soviet agriculture is in the offing, possibly involving some decentralization which could include abolition of the ministry and transferral of its personnel to the field. Such a move would carry forward Khrushchev's reorganization of Soviet economic administration. He has taken a direct personal interest in Soviet agriculture, and is evidently continuing to seek some way to achieve the ambitious goals which he has set.

OK **USSR - Eastern Europe:** The USSR is to build jointly with East Germany, Poland, Hungary, and Czechoslovakia 2,400 miles of oil pipelines connecting the Urals-Volga oil field with refineries in East Europe. The line is scheduled to begin operation in 1963-64 and apparently will be able to deliver at reduced costs the estimated 320,000 barrels per day of crude oil which these countries will require from the USSR by 1965. The East

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European countries are to be responsible for producing or procuring materials for the pipeline and an Italian firm allegedly has agreed to help build the section passing through Polish territory.]

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II. ASIA-AFRICA

Morocco - US bases: [Premier Ibrahim again raised the issue of US tenure of its air bases in Morocco during an 8 May discussion with the US ambassador. Asserting that progress in weapons technology should enable the US to quit the bases within about a year, Ibrahim has proposed the formation of a joint US-Moroccan commission to fix the precise evacuation period. Ibrahim also reiterated his earlier suggestion that one of the bases be evacuated promptly as a demonstration of US intentions.]

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Iraq: The Communist-controlled press is intensifying its pressure on Qasim to legalize political parties and to appoint avowed Communists to the revised 18-post cabinet. Editorials during the past few days have sharply attacked the government on this issue, and have referred to Qasim in tones less laudatory than usual. The strongly pro-Communist ministers of economy and health have publicly backed the party's demands, and the leading Communist newspaper is seeking endorsements from other cabinet members.]

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Indochina: [The role of the International Control Committee in Indochina may soon be sharply reduced as a result of France's

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[decision to curtail its present financial contributions. The UK, cochairman with the USSR of the 1954 Geneva conference which ended the Indochina war, believes that Moscow may seize upon this issue to call another meeting of the nations concerned.]

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IV. CONCLUSIONS OF SPECIAL USIB COMMITTEE ON BERLIN SITUATION

The USIB has taken note of the following conclusions reached by its special committee on the Berlin situation. The committee pointed out that its conclusions are to be used in context with SNIE 100-2-59 (24 February 1959) and with the review of that estimate in SNIE 100-2/1-59 (17 March 1959).

1. So long as negotiations are in progress or the USSR estimates that the prospects for a summit meeting are good, it will probably not go so far as to turn over access controls to the GDR. [However, the USSR may play up the possibility of such action at any stage in the negotiations should it consider greater pressure to be advantageous.] The actual physical transfer of controls could be accomplished with little or no warning.

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2. At Geneva, the Soviet Union delayed the opening of the foreign ministers' conference by its efforts to extort the highest possible status for the East German "delegation" and increase the likelihood of seating

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Poland and Czechoslovakia as full conference participants. Meanwhile, the bloc has been attempting through a wide variety of media to give the impression of reasonableness as far as negotiations are concerned, but backed up with great military strength.

3. While there are no reliable indications of a bloc intent to blockade Allied or West German access to West Berlin, or to seal off West Berlin, in the near future, the USSR could take such actions with little or no warning.

4. There have been no significant changes in Soviet capabilities to respond to possible Western actions in the event of turnover, harassment, or blockade.

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I. THE COMMUNIST BLOC

Khrushchev Uses Rocket Claims to Back Negotiating Position

Khrushchev's 11 May speech in Kiev is the latest in a series of statements made since his return from vacation on 26 April in which he has combined assurances of Soviet reasonableness in negotiations with claims of military predominance. Calling the foreign ministers' conference the first step in the cause of easing international tension, he expressed confidence that a summit meeting will be held regardless of the outcome and hinted that he favors a series of heads-of-government meetings.

At Kiev, he also asserted that the USSR's international situation is "better than ever before" and remarked that the Soviet Union has good rockets "in the required number" and "perhaps" before long will "curtail" their production. He warned that although in a war the West could inflict "no little destruction" on the USSR, the Western powers would be threatened with "inevitable catastrophe."

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[Khrushchev's boasts regarding Soviet missile capabilities probably were designed to reinforce his claim that the international balance of power has shifted to the bloc's favor. While it is probable that the Soviet Union might now have what it regards as a sufficient number of short- to medium-range ballistic missiles (i. e., 100- to 350-nautical-mile range), it is extremely doubtful that sufficient quantities of the longer range missiles exist or that production would be curtailed]

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Khrushchev Criticizes the USSR Ministry of Agriculture

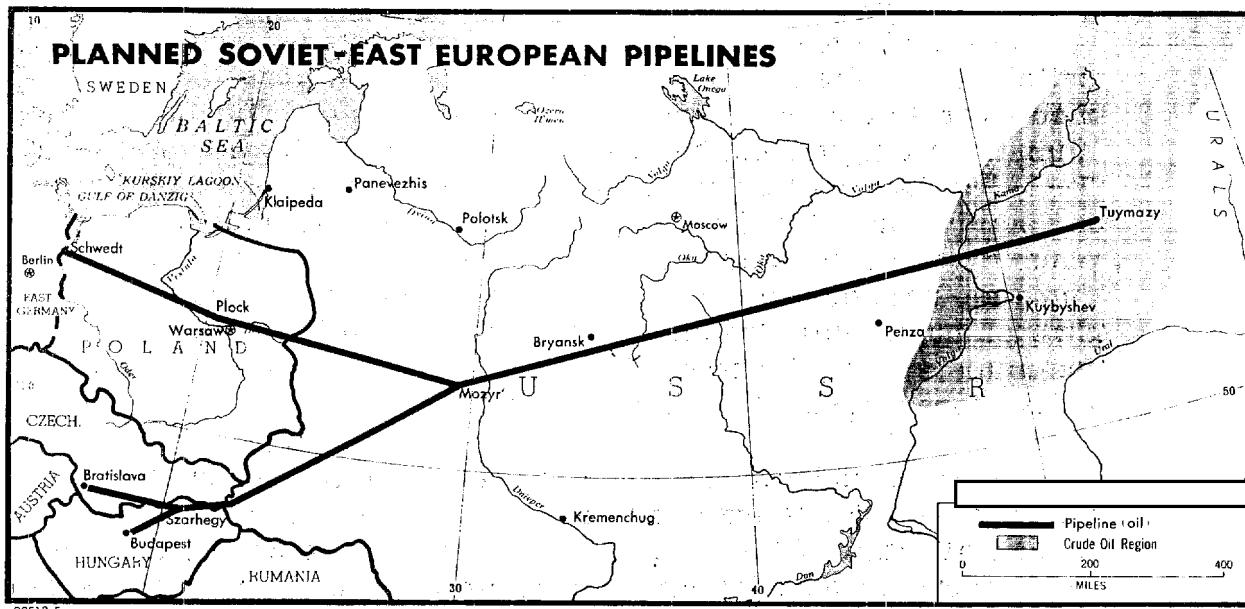
Khrushchev, referring to agricultural problems during a speech on 11 May in Kiev, charged that the Ministry of Agriculture and its local organs had failed in many ways to meet present day needs. Khrushchev said that the ministry staff must become organizers of production and suggested that the salaries of such officials be according to results obtained at the farms they supervise. He also declared that the time had come to reorganize agricultural research work completely, suggesting that this and other services of the ministry be put on a "commercial basis."

Khrushchev's speech is the latest in a series of recent criticisms directed at the ministry. The Soviet press has carried several articles discussing the advantage of relieving the ministry of its jurisdiction over forestry and the Repair and Technical Stations (RTS), and of reducing its role in administering state farms. "Kolkhoz Unions" have been suggested to replace the ministry in administering collective farms and to become the main organizational link in agriculture, possibly up through the republic level. In the field of scientific technology, the ministry has been scored for failing to encourage initiative on the part of agricultural innovators.

Recent organizational and personnel changes, which also may point the way to extensive agricultural reorganization, were the consolidation of the Agricultural Bank into the new Investment Bank announced on 4 March, the appointment on 16 April of Nikolay G. Ignatov to the post of titular president of the RSFSR, which relieved him of his responsibilities in the agriculture field, and the replacement of Vladimir Mylarshchikov as head of the party central committee's Department of Agriculture for the RSFSR. It appears probable that the Third All-union Collective Farmers' Congress, originally scheduled for the "beginning of 1959," has been postponed to give the regime more time to resolve questions of agricultural reorganization.

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Soviet - East European Pipeline

To accommodate East Europe's increasing demand for oil from the USSR, 2,400 miles of pipelines are planned by 1964 to connect the Urals-Volga oil field with refineries in East Germany, Poland, Hungary, and Czechoslovakia. The lines will substantially reduce transportation costs and presumably be adequate to handle the estimated 320,000 barrels per day which these countries expect to receive from the USSR by 1965. Rail transportation handled most of the 80,000 barrels per day delivered by the USSR in 1958.

[The USSR presented plans for construction of these oil lines and for procurement of pipe at a meeting of the bloc Council for Mutual Economic Assistance in December 1958. The USSR will construct the line from the Urals-Volga oil field to Mozyr by 1963. Poland and East Germany will be responsible for supplying equipment for construction from Mozyr to the Polish border, and Czechoslovakia and Hungary will jointly build the section from Mozyr to the Czech border. Each East European country will bear the costs of construction within its borders, except in Poland where East Germany will share construction costs.]

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It is probable that some material will be sought in the West. According to one press report, an Italian firm agreed in April to assist in the construction of the section passing through Polish territory. The USSR is to supply technical assistance and "rent" heavy machinery to the satellites.

The Soviet Union is now seeking pipe in the West for the construction of another line from the Urals-Volga area to Klaipeda on the Baltic Sea. This line is planned to supply oil for the West European market.

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II. ASIA-AFRICA

Morocco Advances New Proposals Concerning US Bases

[Moroccan Premier Ibrahim has advanced new proposals for the future of the five American air bases in Morocco, concentrating on the key issue of US tenure. In a conversation with Ambassador Yost in Rabat late last week, Ibrahim suggested a public declaration by the US accepting the establishment of a joint US-Moroccan commission to settle this question. Such a declaration, the premier said, might also publicize US recognition, already given in private negotiations, of the principle of evacuation and Moroccan sovereignty over the bases.]

[Ibrahim asserted that the Moroccan Government would not require "immediate" evacuation, but considers that the progress being made in weapons technology should enable the US to abandon the bases in twelve months or so. He also reiterated a suggestion he had made earlier that the US give up one of its bases immediately as a demonstration of its intentions. He expressed the view that such a gesture would have excellent effects on public opinion throughout the Arab world and particularly in Morocco--where the premier is undoubtedly concerned about increasingly sharp opposition attacks on his government's failure to achieve any progress toward the evacuation of the bases.]

[So far the Ibrahim government has not reintroduced the suggestion made by former Premier Balafrej last September that pending evacuation the bases should not be used for "strategic" purposes.]

Communist-controlled Iraqi Press Intensifies Pressure
On Qasim

The Communist-controlled press in Iraq has stepped up its campaign for restoration of an officially sanctioned political party system and for inclusion of avowed Communist party representatives in the Iraqi cabinet. It has reminded Prime Minister Qasim of the services which the Communists have rendered and has insisted that a return to party activity is essential for making Iraq a "true democracy." Stating that the present nonparty "national union" system had been advocated by former Deputy Premier Arif and other "reactionary plotters," one paper has called for a party-based coalition government. The press has avoided direct editorial attacks on Qasim, but has begun to refer to him as "prime minister" and "dutiful son of the people" and not, as heretofore, as "sole leader." Pro-Communist Economy Minister Kubba and pro-Communist Health Minister Shawwaf have publicly backed the party's demands, and the leading Communist newspaper is seeking endorsements from other cabinet ministers.

A decision is to be expected soon on at least some new cabinet appointments, following the government's announcement on 28 April that the cabinet has been revised and expanded to include a total of eighteen portfolios.

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[As a result of his conversations with the prime minister a few days ago, Foreign Minister Jawad feels that Qasim will make selections only on the basis of "individual merit" and will not appoint representatives of any particular party. Jawad and several other non-Communist government officials, believing that the Communists are overplaying their hand, are hoping for "reassuring developments" before the end of May.]

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France Cuts Support for ICC in Indochina

[Financial stringencies may soon force a further reduction in the scope of the International Control Commission (ICC) in Indochina. The ICC ended its activities in Laos last July. Existing funds for ICC activities will be exhausted in a few weeks, and France, which has been shouldering most of the financial burden, is unwilling to appropriate additional funds unless the ICC in Cambodia is dissolved or adjourned and the ICC in Vietnam drastically retrenched.]

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[The ICC, comprising India, Canada, and Poland, was established in Vietnam, Cambodia, and Laos to supervise implementation of the political and military provisions of the 1954 Geneva armistice agreements ending the Indochina war. Its original importance and authority have greatly diminished with the gradual return of more settled conditions in the area, although in divided Vietnam it still remains a significant factor. The UK, Canada, and the US favor gradual phasing out of the ICC. India, anxious to preserve the status quo in Indochina, is not only opposed to any change in the status of the armistice machinery in Indochina, but has supported Communist bloc efforts to reconvene the ICC in Laos.]

[The Communist bloc believes the ICC provides important propaganda and political opportunities to block the extension of Western influence in Indochina and can be expected to oppose any move to undermine it. The UK, cochairman with the USSR of the 1954 Geneva conference, believes that Moscow might seize upon the financial issue to call a second meeting of the nations concerned. Because of its official capacity in this matter, the UK fears it would be hard put to resist such a Soviet move.]

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